Vulcan Golf, LLC v. Google Inc. et al Doc. 247

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

VULCAN GOLF, LLC, JOHN B. SANFILIPPPO & SONS, INC., BLITZ REALTY GROUP, INC., and VINCENTE E. "BO" JACKSON,	) Case No. 07 CV 3371
Plaintiffs,	) The Honorable Blanche M. Manning
v.	) Magistrate Judge Geraldine Soat Brown
GOOGLE INC., OVERSEE.NET, SEDO LLC, DOTSTER, INC., AKA REVENUEDIRECT.COM, and JOHN DOES I-X,	)
Defendants.	)

GOOGLE'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO LIMIT DISCOVERY AND FOR SCHEDULING ORDER

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I. INTRODUCTION

Defendant Google Inc. ("Google") hereby moves the Court for an order setting a case management schedule that will allow for immediate summary adjudication of a single legal question that will dispose of Plaintiffs' only economically viable claim: whether Google can be liable under the Anticybersquatting Consumer Protection Act, 15 U.S.C. §1125(d) ("ACPA") for providing advertising content to domains registered and operated by others. Google further asks the Court to limit discovery in this case to discovery needed to bring and oppose that motion, deferring discovery on other issues until after the Court's ruling on that motion.[1] Google first sought Plaintiffs' agreement to this proposal, but Plaintiffs declined.

II. ARGUMENT

A. Plaintiffs ACPA Claims Against Google Can Be Promptly Disposed Of By Summary Judgment

Now that class certification has been denied, and Plaintiffs' RICO claims dismissed, there is little remaining point to this lawsuit, particularly as regards Google. Without class treatment, the individual trademark claims of the remaining plaintiffs are truly trivial: the **total** gross income, to all of the defendants, from all of the complained of conduct, for all time, is less than $500. *See* Exhbit 1, Declaration of Michael H. Page ("Page Decl."), ¶ 6. Thus, even if one were to ignore all of the myriad problems with Plaintiffs' novel claims, and assume a complete, "home run" win for them (even including treble damages), there is no point to pressing those claims.

Plaintiffs of course realize this, and thus are concentrating their efforts and demands on their ACPA claims, because the ACPA claims (and only the ACPA claims) provide for statutory damages. Plaintiffs claim that each of the remaining three "Parking Company Defendants" may

[1] At the recent (unfortunately unsuccessful) mediation before Magistrate Judge Brown, counsel inquired whether this motion should be brought before Magistrate Judge Brown (as it involves discovery planning) or this Court (as it also involves scheduling of a dispositive motion). Judge Brown directed that it should be presented to Your Honor in the first instance, for reassignment to Magistrate Judge Brown if this Court so directs.

be liable for statutory damages of up to $100,000 (and a minimum of $1,000) for each of the various domain names they are accused of having registered or "trafficked in." Thus, for all practical purposes, this case stands or falls on its ACPA claims.

As the Court knows from previous motion practice, Plaintiffs allege that the Parking Company Defendants either themselves register domains that violate Plaintiffs' rights, or "park" domains registered by their clients. They then display advertising provided by Google on those domains. Whether the Parking Company Defendants are thereby the registrants of those domains for ACPA purposes, and whether Plaintiffs can satisfy the other ACPA elements (such as ownership of distinctive or famous marks, identity or confusion, and bad faith), are all subject to serious question. But what cannot be questioned is that Google is not a proper defendant for ACPA purposes.

Google does not register the domain names at issue. Neither does it sell, lease, transfer, rent, license, operate, borrow, lend, or have any other interest whatsoever in those domain names. All Google does is respond to requests from the operators of the websites bearing those domain names by sending advertising copy to them. Google is no more the registrant of those domains than the post office is the owner of my home because it delivers my mail to it, for profit or otherwise.

As a matter of law, Google is not a proper defendant under the ACPA here. Liability under the ACPA is limited to one who, in bad faith, "registers, traffics in, or uses a domain name" that is confusingly similar to the plaintiff's mark. 15 U.S.C. §1125(d)(1)(A)(ii). Liability for "use" of a domain is limited to one who is "the domain name registrant or that person's authorized licensee," and "traffics in" is limited to transfers of domain names for consideration. *Id.*, §1125(d)(1)(B). Merely providing services to, or doing business with, the registrant of a domain name does not expose third parties to ACPA liability. Plaintiffs' novel and expansive theory of ACPA liability simply ignores the clear language of the statute, and is entirely unsupported by any caselaw. *See, e.g., Lockheed Martin Corp. v. Network Solutions, Inc.*, 141 F. Supp. 2d 648 (N.D. Tex. 2001); *American Girl, LLC v. Nameview, Inc.*, 381 F. Supp. 876, 881

(E.D. Wis. 2005); *Bird v. Parsons*, 289 F.3d 865 (6th Cir. 2002); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 645 (E.D. Mich. 2001).

Moreover, there will be no factual dispute regarding Google's nonliability. Plaintiffs' ACPA claims against Google survived Google's Rule 12(b)(6) motion only because Plaintiffs alleged that Google licenses the domain names at issue from the Parking Company Defendants, and thus "traffics in" those domain names. *See* March 20, 2008 Order at 12, Docket No. 145. That allegation, however, is false, as Google will show at summary judgment. The ownership and legal control of each domain name is a matter of documentary record, as are the contractual relationships between Google and each Parking Company Defendant, and between those Parking Company Defendants and the registrants. Nor will there be any dispute as to the mechanics of the AdSense system by which domain owners request advertising content and Google supplies it. In short, the question whether Google "registers, traffics in, or uses" any accused domain names is ripe for an immediate and simple summary judgment motion.

B. Plaintiffs Seek Massive Discovery Unnecessary To Decide Summary Judgment

Faced with little prospect of establishing either liability or damages, we expect that Plaintiffs will continue their attempts to drive a "transaction cost" settlement by pressing for wildly expansive—and expensive—discovery. We have already seen Plaintiffs' remarkable discovery demands: hundreds of document requests, seeking literally every bit of data owned by Google, and even going so far as to ask Google to "preserve" all of its electronic data by taking all of its hundreds of thousands of servers offline and replacing them with new ones. Scores of interrogatories, seeking detailed data regarding tens of millions of separate domains, and millions of customers. Detailed financial data covering every aspect of Google's operations. Google detailed these excesses to Magistrate Brown in its first status conference statement, which led Magistrate Brown to continue the stay of discovery initially ordered by Judge Kokoras. *See* December 4, 2007 Status Conference Statement, Page Decl. Exh. A. Neither does it appear that Plaintiffs intend to voluntarily limit the scope of discovery now that class certification has been denied: for example, Plaintiffs continue to seek discovery related to untold millions of purported class members, rather than just the four Plaintiffs. Such "scorched earth," tactical discovery would be objectionable in a case worth millions. In one worth $500, it is beyond the pale.

Given the limited information necessary to decide a dispositive summary judgment motion, and the dramatic savings of cost and effort to the parties and Court that early determination of the ACPA issue would entail, Google's counsel asked Plaintiffs' counsel to agree to a prompt partial summary judgment schedule, coupled with discovery limited to that necessary to bring and oppose that motion. May 11 Letter to Foote, Page Decl. Exh. B. Plaintiffs refused, stating that they preferred to "proceed in a more conventional fashion," thus necessitating this motion. May 15, 2009 Letter from Robert Foote, Page Decl., Exh. C.

C. The Court Should Set a Schedule For A Prompt Summary Adjudication of the ACPA Claims Against Google

Google proposes, and asks the Court to order, a partial summary judgment schedule which builds in time for each party to take discovery needed to prepare opposition and reply briefs, as follows:

- 30 days after the Court so orders, Google serves its motion for summary adjudication. Concurrent with that motion, Google will produce all evidence it believes relevant to that motion, which will include contracts with the Parking Company Defendants, full records of all advertising and revenue associated with the domains at issue, documents sufficient to evidence the operation of the AdSense program, and the like.
- Plaintiffs' opposition will be due sixty days thereafter. During that period, Plaintiffs can request additional discovery they believe necessary to oppose the motion, applying a Rule 56(f) standard for discoverability. If the parties are unable to agree on that discovery, the matter will be submitted to Magistrate Brown on an expedited schedule.

- Google's reply brief will be due 30 days thereafter, with similar opportunity to obtain discovery limited to that necessary to respond to Plaintiffs' opposition. Thereafter, the matter will be submitted. All other discovery, by both sides, remains stayed until further order.

This proposal allows the parties and Court to "tee up" and decide the determining legal question in this case *before* incurring the considerable burdens a full discovery schedule entails. At the same time, it provides for limited discovery that is legitimately needed to decide that issue, by effectively building into the motion schedule a streamlined Rule 56(f) procedure.

III. CONCLUSION

Plaintiffs have, for all practical purposes, already lost this case. The Court has properly denied class certification, leaving only trivially small individual claims. But if Plaintiffs are allowed to exploit the discovery process by threatening a year or two of scorched earth discovery before there is a chance to adjudicate their remaining claims, they can leverage that process by attempting to extract settlements based not on the value of their claims but on the transaction costs to be avoided. Google asks this Court to mitigate that tactic by reaching and deciding the only remaining viable claim against Google before the parties and the Court go all the way to the eve of trial. If—as Google is confident it will—the Court finds in Google's favor on the ACPA claims, we will all avoid unnecessary time, expense, and effort.

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Dated: May 18, 2009

Respectfully submitted,

GOOGLE INC.

By: /s/ Michael H. Page
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CERTIFICATE OF SERVICE

I, Jonathan M. Cyrluk, an attorney, certify under penalty of perjury that I caused a copy of the forgoing document to be filed and served on all counsel of record via the Court's CM/ECF online filing system this 18th day of May, 2009.

/s/ Jonathan M. Cyrluk
One of the Attorneys for ***Google Inc.***